

ZION, TARLETON & SISKIN, P.C.

ATTORNEYS AT LAW
220 CHURCH STREET
DECATUR, GEORGIA 30030

MARVIN H. ZION
JOHN J. TARLETON
MARK J. SISKIN
MARK D. EUSTER
JONATHAN J. WADE

November 11, 1992

377-0181
AREA CODE 404
FAX 377-8183

VIA FEDERAL EXPRESS

2-317A071

17998

REGISTRATION NO. FILED 1425

NOV 12 1992 -3 00 PM

INTERSTATE COMMERCE COMMISSION

NOV 12 2 55 PM '92
NOTICE OF FILING UNIT

Interstate Commerce Commission
Room 2303
12th Street & Constitution Avenue, N.W.
Washington, DC 20423

ATTENTION: Ms. Mildred Lee

RE: GEORGIA NORTHEASTERN RAILROAD COMPANY, INC.

Dear Ms. Lee:

Enclosed for filing with the Interstate Commerce Commission ("ICC") pursuant to Section 11303 of Title 49 of the U.S.C. are two executed and notarized originals of the document described below.

This document is a Security Agreement (the "Security Agreement"), a primary document dated as of November 9, 1992 between NationsBank of Georgia, N.A. (the "Bank") and Georgia Northeastern Railroad Company, Inc. (the "Company"). The Security Agreement includes the grant of a security interest by the Company, as debtor, in favor of the Bank for the benefit of the Bank, as secured party, in certain of the Company's rolling stock, equipment, and other properties and rights. A description of the rolling stock and equipment covered by the security interest grant is listed on the face of the Security Agreement and attached as Schedule A to the Security Agreement.

The names and addresses of the parties to the Security Agreement (including the security provisions contained therein) are as follows: The Company (and the debtor under the security interest grant) is Georgia Northeastern Railroad Company, Inc. whose chief executive office is located at 1819 Peachtree Road, N.E., Suite 303, Atlanta, Georgia, 30309. The Bank (and the secured party under the security interest grant) is NationsBank of Georgia, N.A., whose office is located at 600 Peachtree Street, 1700 Plaza, Atlanta, Georgia, 30308.

The property covered by the aforesaid security interest grant includes railroad cars, locomotives and other rolling stock intended for use, or which may be used, in interstate commerce, or interests therein, owned by the Company as of the date of the Security Agreement or thereafter acquired by it or its successors. The specific items covered by the security interest grant at the time of execution of the Security Agreement are listed on the face of the

Security Agreement and Schedule A thereto. Included in the property covered by such grant are railroad cars, rolling stock, equipment, locomotives, railroad cars and other property intended for use related in interstate commerce, or interests therein, owned by the Company at the date of the Security Agreement or thereafter acquired by it or its successors as owners of railway lines.

A short summary of the Security Agreement to appear in the index is as follows:

"A Security Agreement (the "Security Agreement") dated as of November 9, 1992 between NationsBank of Georgia, N.A. (the "Bank"), and Georgia Northeastern Railroad Company, Inc., (the "Company"), containing the grant of a security interest by the Company in favor of the Bank on behalf of the Bank in certain of the Company's rolling stock, equipment and other properties and rights of the Company. A description of the rolling stock and equipment covered by the security interest grant is listed on the face of the Security Agreement and attached as Schedule A to the Security Agreement."

Also enclosed is a check in the amount of \$16.00, payable to the ICC, to cover the recording fee for the Security Agreement.

Please acknowledge receipt of the enclosed documents by stamping and returning to the undersigned on of the Loan Agreements, together with a duplicate copy of this letter, in the enclosed stamped, self-addressed envelope.

If you have any questions, please do not hesitate to contact me at (404) 377-0181.

Very truly yours,

ZION, TARLETON & SISKIN, P.C.

Vivienne B. Oder
Vivienne B. Oder
Legal Assistant

Received: _____
Date: _____

/vbo
Enc.

Interstate Commerce Commission
Washington, D.C. 20423

11/13/92

OFFICE OF THE SECRETARY

Vivienne B. Oder

Legal Assistant

Zion, Tarleton & Siskin

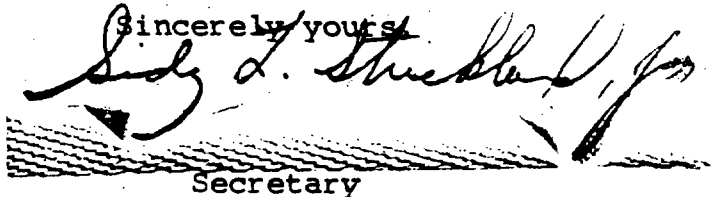
220 Church Street

Decatur, Georgia 30030

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/12/92 at 3:00pm, and assigned re-recording number(s). 17998

Sincerely yours,



Secretary

SIDNEY L. STRICKLAND, JR.

Enclosure(s)

SE-30
(7/79)

U. S. Small Business Administration

SECURITY AGREEMENT

RECORDATION NO. 17958 FILED 1/23/93

NOV 12 1992 - 3 00 PM

1. GEORGIA NORTHEASTERN RAILROAD COMPANY, INC. (Name) **INTERSTATE COMMERCE COMMISSION** (hereinafter called "Debtor"),1819 Peachtree Road, N.E., Atlanta, Georgia 30309 (Address), for value received,hereby grants to NationsBank of Georgia, N.A. (Name),600 Peachtree Street, 1700 Plaza, Atlanta, Georgia 30308 (Address) (hereinafter called

"Secured Party"), a security interest in the property described below (hereinafter collectively called "Collateral") to secure the payment of the principal and interest on and all obligations under a note (hereinafter called the "Note"), dated of even date _____, of the Debtor payable to the order of the Secured Party, in the principal amount of EIGHT HUNDRED TWENTY-TWO THOUSAND AND NO/100 Dollars (\$822,000.00), all renewals and extensions of the Note, and all costs, expenses, advances and liabilities which may be made or incurred by Secured Party in the disbursement, administration and collection of the loan evidenced by the Note and in the protection, maintenance and liquidation of the security interest hereby granted with interest at the maximum legal rate on such costs, expenses, advances and liabilities. The note and all other obligations secured hereby are herein collectively called the "Liabilities."

2. The Collateral in which this security interest is granted is all of the Debtor's property described below in reference to which an "X" or checkmark has been placed in the box applicable thereto, together with all the proceeds and products therefrom. If two such boxes are so marked, the security interest so designated secures the purchase money from the loan used by the Debtor to acquire title to the Collateral.

- ☒ ☐ a. All equipment and machinery, including power-driven machinery and equipment, furniture and fixtures now owned or hereafter acquired, together with all replacements thereof, all attachments, accessories, parts and tools belonging thereto or for use in connection therewith, and without in any way limiting the foregoing description, the collateral specifically described on Exhibit "A" attached hereto and made a part of this Agreement.
- ☒ ☐ b. All passenger and commercial motor vehicles registered for use upon public highways or streets, now owned or hereafter acquired, together with all replacements thereof, all attachments, accessories, parts, equipment and tools belonging thereto or for use in connection therewith. All Rolling Stock specifically described on Exhibit "A" attached hereto and made a part of this Agreement.
- ☒ ☐ c. All inventory, raw materials, work in process and supplies now owned or hereafter acquired, and without in any way limiting the foregoing description, the Collateral specifically described on Exhibit "A" attached hereto and made a part of this Agreement.
- ☒ ☐ d. All accounts receivable now outstanding or hereafter arising, together with all chattel paper, general intangibles and instruments now existing or hereafter acquired or arising, and without in any way limiting the foregoing description, the Collateral specifically described on Exhibit "A" attached hereto and made a part of this Agreement.
- ☒ ☐ e. All contract rights and general intangibles now in force or hereafter acquired.

3. Debtor shall not transfer, sell or assign Debtor's interest in the Collateral nor permit any other security interest to be created thereon without Secured Party's prior written approval, except that Debtor may sell the inventory listed in Paragraph 2.c. hereof in the ordinary course of business on customary terms and at usual prices and may collect as Secured Party's agent sums due on accounts receivable and contract rights listed in Paragraphs 2.d. and 2.e. until advised otherwise by Secured Party.

**a part of this Agreement.

4. Debtor shall keep, store or regularly garage all Collateral at locations approved by Secured Party in writing.
5. Debtor shall not conduct business under any other name than that given above nor change or reorganize the type of business entity under which it does business except upon prior written approval of Secured Party. If such approval is given, Debtor guarantees that all documents, instruments and agreements demanded by Secured Party shall be prepared and filed at Debtor's expense before such change of name or business entity occurs.
6. Debtor shall pay the filing and recording costs of any documents or instruments necessary to perfect, extend, modify, or terminate the security interest created hereunder, as demanded by Secured Party.
7. Debtor shall maintain all Collateral in good condition, pay promptly all taxes, judgments, or changes of any kind levied or assessed thereon, keep current all rent due on premises where Collateral is located, and maintain insurance on all Collateral against such hazards, in such amounts and with such companies as Secured Party may demand, all such insurance policies to be in the possession of Secured Party and to contain a Lender's Loss Payable Clause naming Secured Party in a manner satisfactory to Secured Party. Debtor hereby assigns to Secured Party any proceeds of such policies and all unearned premiums thereon, and authorizes and empowers Secured Party to collect such sums and to execute and endorse in Debtor's name all proofs of loss, drafts, checks and any other documents necessary to accomplish such collections, and any persons or entities making payments to Secured Party under the terms of this Paragraph are hereby relieved absolutely from any obligation to see to the application of any sums so paid.
8. Debtor shall be in default hereunder if Debtor fails to perform any of the liabilities imposed hereby or any other obligation required by the various instruments or papers evidencing or securing this loan, or if the full balance of the loan becomes immediately payable under the terms of such instruments, either automatically or by declaration of the Secured Party. In the event of any default, Secured Party may, in its own discretion, cure such default and, if it does so, any expenditures made for such purpose shall be added to the principal of the Note.
9. In the event of default, Debtor shall assemble and make available all Collateral at any place designated by Secured Party. Debtor acknowledges being advised of a constitutional right to a court notice and hearing to determine whether, upon default, there is probable cause to sustain the validity of the Secured Party's claim and whether the Secured Party is entitled to possession of the Collateral and being so advised, Debtor hereby voluntarily gives up, waives and surrenders any right to a notice and hearing to determine whether there is probable cause to sustain the validity of Secured Party's claim. Any notices required pursuant to any state or local law shall be deemed reasonable if mailed by Secured Party to the persons entitled thereto at their last known addresses at least ten days prior to disposition of the Collateral, and, in reference to a private sale, need state only that Secured Party intends to negotiate such a sale. Disposition of Collateral shall be deemed commercially reasonable if made pursuant to a public offering advertised at least twice in a newspaper of general circulation in the community where the Collateral is located or by a private sale for a sum equal to or in excess of the liquidation value of the Collateral as determined by Secured Party.
10. All rights conferred on Secured Party hereby are in addition to those granted to it by any state or local law or any other law. Failure or repeated failure to enforce any rights hereunder shall not constitute an estoppel or waiver of Secured Party's rights to exercise such rights accruing prior or subsequent thereto. Secured Party shall not be liable for any loss to Collateral in its possession, nor shall such loss diminish the debt due, even if the loss is caused or contributed to by Secured Party's negligence.

IN WITNESS WHEREOF,

Debtor has caused this Security Agreement to be

executed and its seal affixed by its duly authorized officers this 9th day of

November
October, 1992.

Signed, sealed and delivered
in the presence of

Vivienne B. Foster
Witness
Mark D. Foster
Notary Public
OCTOBER 7, 1992
SBA Form 1059 (10-86) 3 COUNTY

GEORGIA NORTHEASTERN RAILROAD COMPANY, INC.

BY:

Title: *Willy L. Pein*
PRESIDENT

ATTEST:

Jan A. Dug
VICE PRESIDENT FINANCE

EXHIBIT "A"

All of Debtor's accounts (which shall mean any right to payment for goods sold or leased, or to be sold or leased, or for services rendered, or to be rendered, whether or not such rights have been earned by performance), instruments, chattel paper, all rights of the Debtor under the Debtor's operating certificate from the Interstate Commerce Commission, and general intangibles, together with all books, records, computer tapes, programs and ledger books pertaining in whole or in part thereto (hereinafter collectively referred to as the "Accounts Receivable Collateral"); all equipment and fixtures, of Debtor, including, without limitation, all machinery, furniture, furnishings, lease hold improvements, motor vehicles, trailers, rails, ties, railroad tracks and all other goods used or useful in Debtor's business and any and all parts, additions, and accessions thereto (hereinafter collectively referred to as the "Equipment Collateral"); all rolling stock of Debtor, including without limitation all locomotives, cabooses, bulkhead flat cars, refrigerated boxcars, open top hopper cars, woodrack cars, covered hopper cars, woodchip hopper cars, and all other rail cars (hereinafter, collectively referred to as the "Rolling Stock Collateral"); all inventory of Debtor, including, without limitation, all goods of Debtor held for sale or lease or furnished or to be furnished under contracts of service, all goods held for display or demonstration, goods on lease or consignment, returned or repossessed goods, all raw materials, work-in-progress, finished goods and supplies used and consumed in Debtor's business, together with all documents, documents of title, warehouse receipts and bills of lading for all or any portion of the foregoing (hereinafter, collectively referred to as the "Inventory Collateral"); all property of Debtor left with Secured Party or in its possession now or hereafter; together with all products and/or proceeds of any and all of the foregoing, including without limitation, insurance proceeds, without in any way limiting the generality of the foregoing, but in addition thereto, the specific items of Equipment Collateral, the specific items of Inventory Collateral and the specific items of Rolling Stock Collateral set forth on the pages attached hereto.

EXHIBIT "A"

09-21-1992 14:42:33

GEORGIA NORTHEASTERN RAILROAD FIXED ASSET SYSTEM

Page 1

Depreciation Summary - IRS
By G/L ACCT #
For Fixed Assets 00001 Through 00067 FY:12

C FAS	ASSET	LOCATN	VOUCHER #	G/L ACCT #	DATE	D EST	LAST	ACQUISITION	-----D-E-P-R-E-C-I-A-T-I-O-N-----	ITC	
L NUMBR	DESCRIPTION	TATE			ACQRD	M LIFE	DEPRC	VALUE	CURRENT YTD	TOTAL	
T 00014	LAND	TATE		1211.30	12/87	N 00 00	00/00	\$80,000.00	\$0.00	\$0.00	
3 00063	BOXCAR STORAGE	TATE	543-IN	1212.30	04/92	Z 07 00	07/92	\$2,350.00	\$138.01	\$138.01	\$0
2 00013	TRACK AND BUIL	TATE		1213.30	12/87	S 31 06	07/92	\$1,360,000.00	\$25,185.16	\$201,481.44	\$0
2 00056	Capital - Sidi	TATE	Railteam	1213.30	11/91	Z 07 00	07/92	\$20,154.66	\$3,239.11	\$3,958.91	\$0
G/L ACCT # - 2								\$1,380,154.66	\$28,424.27	\$205,440.35	\$0
2 00027	SAFETRAN BOLT	TATE		1214.30	10/90	Z 07 00	07/92	\$4,028.61	\$462.49	\$1,716.28	\$0
2 00006	SPIKE DRIVER	TATE		1214.30	12/89	Z 07 00	07/92	\$1,625.00	\$118.44	\$1,032.80	\$0
2 00004	BACKHOE (1992	TATE		1214.30	07/88	Z 07 00	07/92	\$9,568.41	\$498.15	\$7,077.68	\$0
2 00055	Bucket for Bac	TATE	1604	1214.30	08/91	Z 07 00	07/92	\$880.00	\$130.97	\$225.26	\$0
2 00029	DWS 1/2 RERAIL	TATE		1214.30	11/90	Z 07 00	07/92	\$772.52	\$88.69	\$329.13	\$0
4 00052	2-T LEVER CHAI	TATE	1009385-01	1214.30	09/91	Z 07 00	07/92	\$334.40	\$49.77	\$85.60	\$0
2 00053	2- RERAILERS	TATE	1795	1214.30	09/91	Z 07 00	07/92	\$533.32	\$79.38	\$136.53	\$0
2 00042	1 1/4" WIRE RO	TATE		1214.30	04/91	Z 07 00	07/92	\$603.00	\$82.53	\$190.20	\$0
2 00030	ALDON TRACK EQ	TATE		1214.30	11/90	Z 07 00	07/92	\$1,568.44	\$180.04	\$668.18	\$0
2 00028	#117 AC TRACK	TATE		1214.30	11/90	Z 07 00	07/92	\$973.50	\$111.72	\$414.70	\$0
2 00045	MODEL 30 BURRO	TATE	ATSF 1765	1214.30	07/91	Z 07 00	07/92	\$10,000.00	\$1,488.13	\$2,559.56	\$0
4 00065	2- 35 TON LOCO	TATE	INV. #564	1214.30	05/92	Z 07 00	07/92	\$2,000.00	\$107.13	\$107.13	\$0
2 00031	DWS 1/2 RERAIL	TATE		1214.30	11/90	Z 07 00	07/92	\$863.50	\$99.12	\$367.88	\$0
3 00032	15 - 10 LB ABC	TATE		1214.30	11/90	Z 07 00	07/92	\$1,165.50	\$133.77	\$496.51	\$0
2 00059	Pallet Truck	TATE	3572	1214.30	12/91	Z 07 00	07/92	\$470.93	\$75.67	\$92.49	\$0
2 00021	HOBART 250 AMP	TATE		1214.30	08/90	Z 07 00	07/92	\$2,500.00	\$265.72	\$1,171.35	\$0
2 00058	Trailer for Ba	TATE	3550	1214.30	12/91	Z 07 00	07/92	\$2,250.00	\$361.62	\$441.98	\$0
2 00041	CHAIN SAW	TATE		1214.30	02/91	Z 07 00	07/92	\$514.80	\$73.57	\$147.13	\$0
4 00048	MOBILE STEAM C	TATE	022-RT	1214.30	07/91	Z 07 00	07/92	\$664.99	\$98.98	\$170.22	\$0
2 00036	ING-RAND 185 A	TATE		1214.30	11/90	Z 07 00	07/92	\$6,000.00	\$688.80	\$2,556.17	\$0
4 00061	ALKOTA PRESSUR	TATE	5917	1214.30	03/92	Z 07 00	07/92	\$2,047.50	\$146.25	\$146.25	\$0
4 00047	2- 35 TON LOCO	TATE	INV. 182-L	1214.30	07/91	Z 07 00	07/92	\$2,523.71	\$375.55	\$645.96	\$0
G/L ACCT # - 22								\$51,888.13	\$5,716.49	\$20,778.99	\$0
1 00046	NS AIR BRAKE C	TATE		1215.30	05/91	Z 07 00	07/92	\$25,337.28	\$3,468.78	\$7,993.29	\$0
1 00038	CABOOSE	TATE	2H01410	1215.30	01/91	Z 07 00	07/92	\$3,500.00	\$500.01	\$1,000.02	\$0
1 00050	100 - TON FLAT	TATE	25399	1215.30	06/91	Z 07 00	07/92	\$4,950.00	\$677.67	\$1,561.61	\$0
G/L ACCT # - 3								\$33,787.28	\$4,646.46	\$10,554.92	\$0
3 00023	EPSON PRINTER	TATE		1216.30	09/90	Z 07 00	07/92	\$386.40	\$41.09	\$181.04	\$0
3 00040	COMPUTER DISK	TATE		1216.30	02/91	Z 07 00	07/92	\$780.00	\$111.44	\$222.87	\$0

Railroad Locomotives bearing identification nos. 8704, 8705, 6516, 6576 and 6585.

09-21-1992 14:43:05

GEORGIA NORTHEASTERN RAILROAD
F I X E D A S S E T S Y S T E M
Depreciation Summary - IRS
By G/L ACCT #

Page 2

For Fixed Assets 00001 Through 00067 FY=12

C FAS	ASSET	DATE	D EST	LAST	ACQUISITION	----D-E-P-R-E-C-I-A-T-I-O-N----			ITC	
L NUMBR	DESCRIPTION	LOCATN	VOUCHER #	G/L ACCT #	ACQRD M LIFE	DEPRC	VALUE	CURRENT YTD	TOTAL	AMOUNT
3 00022	PC COMPUTER - TATE			1216.30	09/90	Z 07 00 07/92	\$2,012.94	\$213.99	\$943.16	\$0
3 00024	5 DRAWER FILE ATL.			1216.30	09/90	Z 07 00 07/92	\$751.49	\$79.87	\$352.11	\$0
G/L ACCT # - 4							\$3,930.83	\$446.39	\$1,699.18	\$0
2 00018	1970 FORD F250 TATE			1221.30	08/90	Z 05 00 07/92	\$1,500.00	\$178.50	\$913.50	\$0
2 00033	1983 FORD HI-R TATE			1221.30	11/90	Z 07 00 07/92	\$3,400.00	\$390.32	\$1,448.51	\$0
3 00002	1988 DODGE P/U TATE			1221.30	12/88	Z 05 00 07/92	\$6,961.18	\$467.81	\$6,226.11	\$0
2 00044	1974 FORD HI-R TATE			1221.30	07/91	Z 07 00 07/92	\$500.00	\$74.41	\$127.98	\$0
3 00060	1991 JEEP CHER TATE			1221.30	03/92	Z 05 00 07/92	\$14,462.10	\$1,363.56	\$1,363.56	\$0
2 00066	1992 FORD F-25 TATE	1172		1221.30	06/92	Z 05 00 00/00	\$21,375.49	\$0.00	\$0.00	\$0
G/L ACCT # - 6							\$48,198.77	\$2,474.60	\$10,079.66	\$0
*1 00064	GP-7 LOCOMOTIV TATE			1222.30	04/92	Z 07 00 07/92	\$60,750.00	\$3,845.25	\$3,845.25	\$0
3 00026	MOBILE UHF RAD TATE			1223.30	11/90	Z 07 00 07/92	\$860.62	\$98.77	\$366.62	\$0
3 00049	2- PORTABLE RA TATE	1622		1223.30	08/91	Z 07 00 07/92	\$1,238.90	\$184.38	\$317.12	\$0
3 00054	AMC-4 Amprobe TATE	11131A		1223.30	11/91	Z 07 00 07/92	\$574.67	\$92.33	\$112.85	\$0
3 00043	TOSHIBA TELEPH TATE			1223.30	06/91	Z 07 00 07/92	\$400.00	\$54.74	\$126.16	\$0
3 00051	2- PORTABLE RA TATE	82995		1223.30	08/91	Z 07 00 07/92	\$1,071.00	\$159.39	\$274.14	\$0
3 00062	UHF T/M RADIO TATE	88216		1223.30	03/92	Z 07 00 07/92	\$959.13	\$68.50	\$68.50	\$0
3 00003	BASE STATION/H TATE			1223.30	07/88	Z 07 00 07/92	\$13,453.27	\$700.42	\$9,951.30	\$0
2 00067	UHF T/M RADIO TATE	89873		1223.30	06/92	Z 07 00 07/92	\$959.13	\$39.14	\$39.14	\$0
G/L ACCT # - 8							\$19,516.72	\$1,397.67	\$11,255.83	\$0

GRAND	48						\$1,680,576.39	\$47,089.14	\$263,792.19	\$0

Add: Construction in Process

5,576.47

Total Property & Equipment

1,686,152.86

Less: Equipment Secured Under Prior Arrangements

Asset #45-Burro Crane

(10,000.00)

Lienholder - RS Equipment Leasing

Asset #46-Office Car

(25,337.28)

Lienholder - Stalsby, Inc.

Asset #64-GP7 Locomotive

(60,750.00)

Lienholder - William G. Britchard

Net Total

\$1,590,065.58